

February 23, 2010

MINUTES OF THE CITY COUNCIL WORK SESSION HELD FEBRUARY 23, 2010

A Work Session of the City Council of the City of Hopewell, Virginia, was held Tuesday, February 23, 2010 at 6:00 PM in the City Council Chambers, Municipal Building, 300 North Main Street, Hopewell, Virginia.

PRESENT: Brenda S. Pelham, Mayor
N. Gregory Cuffey, Vice Mayor
Christina J. Luman-Bailey, Councilor
Curtis W. Harris, Councilor
Kenneth B. Emerson, Councilor
Gerald S. Stokes, Councilor
K. Wayne Walton, Councilor

Ann M. Romano, City Clerk
Edwin C. Daley, City Manager
Thomas E. Lacheney, City Attorney

Mayor Pelham opened the work session at 6:00 PM. Roll call was taken as follows:

Mayor Pelham	-	yes
Vice Mayor Cuffey	-	yes
Councilor Bailey	-	ABSENT (arrived at 6:02 PM)
Councilor Harris	-	yes
Councilor Emerson	-	yes
Councilor Stokes	-	yes
Councilor Walton	-	yes

CLOSED SESSION

Motion was made by Councilor Harris, and seconded by Councilor Walton, to convene into Closed Session to discuss Litigation, in accordance with Virginia Code Sec. 2.2-3711 (A) (7). Upon the roll call, the vote resulted:

Councilor Bailey	-	yes
Councilor Harris	-	yes
Councilor Emerson	-	yes
Councilor Stokes	-	yes
Councilor Walton	-	yes
Mayor Pelham	-	yes
Vice Mayor Cuffey	-	yes

OPEN SESSION

Council convened into Open Session. Councilors responded to the question: "Were the only matters discussed in the Closed Meeting public business matters lawfully exempted from open meeting requirements; and public business matters identified in the motion to convene into Closed Session?" Upon the roll call, the vote resulted:

Vice Mayor Cuffey	-	yes
Councilor Bailey	-	yes
Councilor Harris	-	yes
Councilor Emerson	-	yes
Councilor Stokes	-	(out of the room)

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Councilor Walton	-	yes
Mayor Pelham	-	yes

SPECIAL MEETING

Joint Resolution for Local Composite Index

Dr. Odom described the resolution. There is a statewide 90+ school division reduction in state funding. He indicated that it was formally changed in a legal process. Dr. Daley explained that in the past it was formally updated every two years. This week the house of Delegates agreed to hold harmless 80% of those impacted; the Senate 100%. That means \$111,000 for Hopewell.

Motion was made by Councilor Harris, and seconded by Vice mayor Cuffey, to adopt the City of Hopewell and Hopewell School Board Joint Resolution for Local Composite Index. Upon the roll call, the vote resulted:

Councilor Bailey	-	yes
Councilor Harris	-	yes
Councilor Emerson	-	yes
Councilor Stokes	-	yes
Councilor Walton	-	yes
Mayor Pelham	-	yes
Vice Mayor Cuffey	-	yes

RESOLUTION IN SUPPORT OF THE PROPOSED FREEZE TO THE LOCAL COMPOSITE INDEX FOR FISCAL YEAR 2011

WHEREAS, City Council and the School Board of the City of Hopewell, Virginia, in partnership with the entire community, are committed to providing a high-quality and cost-effective education for all students; and

WHEREAS, the School Board of the City of Hopewell receives approximately 55% of the funding from the Commonwealth of Virginia, which is based on the Local Composite Index (LCI), the formula used to determine State and Local shares of K-12 education costs; and

WHEREAS, Governor Tim Kaine's Proposed State Biennial Budget as introduced on December 18, 2009, proposed to "freeze" the Local Composite Index for Fiscal Year 2011, resulting in a cost savings of approximately \$29 million for the Commonwealth of Virginia; and

WHEREAS, newly elected Governor Robert McDonnell has recently recommended unfreezing the Local Composite Index, thereby negatively impacting Hopewell City Public Schools by \$111,225 less State Education Aid; and

WHEREAS, the eleven school districts represented in the Crater Planning District (The cities of Colonial Heights, Emporia, Hopewell and Petersburg, and the counties of Charles City, Chesterfield, Dinwiddie, Greensville, Prince George, Surry and Sussex) would lose a combined \$6.2 million in State Education Aid; and

WHEREAS, a total of ninety-seven school districts across the state would lose State Education Aid if the current proposed freeze is undone.

NOW THEREFORE BE IT RESOLVED BY THE COUNCIL OF THE CITY OF HOPEWELL, VIRGINIA:

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1. That City Council seeks the support of local community, civic, business, and political leaders to support the proposed freeze to the Local Composite Index for Fiscal Year 2011.
2. That City Council urges the members of the Hopewell Delegation to support the proposed freeze to the Local Composite Index for Fiscal year 2011.

BE IT FURTHER RESOLVED:

That the City Clerk is hereby directed to forward a copy of this resolution to the Governor, Virginia's Superintendent of Public Instruction, Dr. Patricia Wright, each member of the City's local delegation to the General Assembly, and the members of the School Board of the City of Hopewell.

Adopted by the City Council of Hopewell, Virginia on this 23rd day of February 2010.

APPROVED AS TO LEGAL SUFFICIENCY:

City Attorney

WORK SESSION

1. Consolidated Health Insurance Discussion: There was discussion about United Healthcare; the possibility of going out to bid; using a consultant to research the desired information; a possible "cafeteria" plan; and the increase or decrease of premiums due to combining the City and School System. The City Manager suggested that a committee be appointed to develop a plan. The citizens want the City to save money on insurance. The committee should look at other areas of the City and the School to combine. A "cafeteria" plan was also suggested as a means to save money.

#1 – Administration needs direction from Council and the School Board; and #2 – Do go out to bid. A steering committee was suggested to supervise; use outside consultants. It was suggested to try doing it in-house first. The cost is approximately \$20,000. Mr. Miles, School Board Chairman, indicated that there may not be a way to combine the City and School Board to save money. He has looked at this several times in the past. Because of the makeup of the School System (more female employees), it would be more expensive for the City to combine with the School System. He is, however, willing to explore it further. He mentioned the consolidation of the bus barn with the Department of Public Works, using one facility.

Retired teachers spend approximately three-fourths of their retirement income for health insurance. The School Board provides retirees \$55.00 per month towards health insurance. The cheapest plan for them is \$500 per month. Ann Williams, School Board Vice Chair, serves on the City's Efficiency Committee. One issue being looked at is the possibility of consolidating both health insurance plans. The School Board has not discussed any consolidation plan.

Dr. Daley asked for direction from City Council to form such a committee. He would discuss this with Dr. Odom who would talk to the board and get back to the City Manager.

(The agenda was amended to move #2 – Hopewell high School Renovation Project Update to the end of the meeting to have a closed session with the School Board.)

(Ray Watson, Assistant School Superintendent, indicated that the School Board put out bids for the HSH renovation, including deductive alternates. There is an issue with two separate bids. They would have to negotiate a change order with each bidder. The Bacon Davis clause must be in the contract.)

2. Hopewell High School Renovation Project Update – Mr. Miles provided a recap of the project. In 2009 the School Board presented the proposal to Council and gave a figure from the architect of \$26.5 million, for a complete renovation including all upgrades. City Council gave the School Board \$20

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million to proceed. Now the School Board has solid bids. \$22.5 million vs. \$25 million to complete the project. Regarding QSAB, they found out that they can go forward without having to re-bid the entire project. Council must decide whether to do a partial project for \$22.5 million or the entire project for \$25 million. There were comments about how to reduce the numbers; contingencies; the Literary Fund; and interest rates. The City committed, with stimulus bonds, to a debt of \$22.5 million. There was \$400,000 in one of the School Board funds that could be used. That came to 422.9 million. Six items could have been delayed until a future date and what had to be done because it was committed. A little bit had debt service. Both stimulus money and Literary Fund money cannot be used. \$2.5 million would include six alternates. QSAB funds and whether or not they had to go out to bid again; they do not have to rebid.

(Councilor Stokes left the meeting at 8:00 p.m.)

There was additional discussion about using stimulus money vs. Literary Fund money. Omitting the six alternates would bring it down to 422.5 million. A minimum of 422.5 million would meet all but the six alternates. City Council advised the School Board to move forward with the money that was allotted. The City needs \$250,000 to get another 42.5 million in loans. There was concern for the quality of the entire project with the deducts. There are two contractors. The six alternates/deducts are: (1) Gym: \$1,388,200. Without that, students will continue to dress for sports in the hallway; problems with physical education and programs. (2) Tennis Courts - \$500,000 – (There are no tennis courts in the plans right now.) (3) Bus Loop to separate busses from car traffic for safety reasons. (4) three classrooms for growth. (5) Storage room in kitchen. (6) Seven to eight-foot fence to separate school building and grounds from Mesa Drive. The School Board put the alternates/deducts in priority order. Additional priorities: Gym - \$1.3 million; Tennis courts - \$500,000; Bus Loop - \$488,000; Classrooms & Breezeways - \$243,900; Kitchen Storage - \$83,000; and Fence - \$31,000.

Mr. Watson presented a caution: deducts take out about 42.5 million. In two and one half years the cost will not be \$2.5 million. Due to growth, the project will have to be redesigned again. It will be more expensive to set up to get going again. The project would have been finished in November 2011. The new completion is expected in the Spring of 2012. Some Councilors favored delay rather than deduct. Everyone wants the best renovation project. There were questions about what will happen with the state budget. A decision must be made by March 12.

Mr. Watson indicated that the School Board needs to know that the money will be appropriated. The City has appropriated \$20 million. The school system must know if they can get the rest of the money. Dr. Daley discussed possible Real Estate tax increases of 3¢ in 2011; 3¢ in 2012; and 3¢ in 2014. The school debt will be retired in the next four years (total of \$1.8 million). The City has \$7.5 million and can use federal money.

The project Consultant could ask the contractor for an extension to allow them to get more money. The City Attorney indicated that \$22.5 million with an option to add an additional \$2.5 million with an "X" time frame. They would have 90-120 days. There were comments from Mr. Caricofe and Mrs. Chamber of the School Board.

City Council must look at the needs for the entire City. Education is very important and the City wants to provide the best education to our students. Since 1987, the City has built three new elementary schools and funded part of the Courthouse.

There was concern for the teachers and the possibility of having to let some go. Class sizes have increased and the schools are fiscally stressed. Some Councilors do not want to cut teachers' salaries or cut teaching positions.

(Councilor Bailey left at 8:55 p.m.)

There is 10% unemployment in Hopewell. The School System's budget is decreased by the State in the amount of \$3 million, as of today. A 3¢ tax increase was stressful for many people. Some Councilors would be comfortable to raise the tax another 1¢. There are many constituents with young children in school. They are moving out of Hopewell because of the school system. Some Councilors expressed confidence in the City and in the State. The City needs economic development. The future is good for Hopewell. The infrastructure must be ready to accept increased population. One of the Hopewell's Delegates voted to take away from us some of the BPOL tax.

3. Budget Status Update

- (A) **The State Budget Update** – a handout was distributed (filed in the City Clerk's Office). Neither committee touched the Car Tax.
- (B) **City Update** – The City's budget is down by \$687,000. There will be no employee raises this year. Health Insurance and VRS are questionable. This may be a long-term trend. The Butterworth Lofts should be opened in 60 days. The Mallonee Lofts should be opened in 120 days. Osage should be in production later this summer.
- (C) **Schools Update** – Dr. Odom distributed a handout (filed in the City Clerk's Office). Regarding the high school renovations, he thanked City Council for all their efforts, consideration and passion. The high school and all schools are part of our economic development. If they cannot serve to attract and retain, they will become a deficit. The City needs the high school to be in a state-of-the-art condition.

ADJOURN

At 9:50 PM motion was made by Vice Mayor Cuffey, and seconded by Councilor Walton, to adjourn the meeting. Upon the roll call, the vote resulted:

Councilor Bailey	-	yes
Councilor Harris	-	yes
Councilor Emerson	-	yes
Councilor Stokes	-	yes
Councilor Walton	-	yes
Mayor Pelham	-	yes
Vice Mayor Cuffey	-	yes

Brenda S. Pelham, Mayor

Ann M. Romano, City Clerk